SOVIET BALANCE OF TRADE WITH EASTERN EUROPE FOR THE FIRST QUARTER OF 1985

(in million rubles)

	Exports from U.S.S.R.				Imports to U.S.S.R.			
	1982	1983	1984	1985	1982	1983	1984	1985
Bulgaria	1105	1357	1517	1423	1134	1327	1405	1436
Czechoslovakia	1161	1421	1563	1545	1247	1341	1468	1550
GDR	1358	1641	1754	1819	1507	1607	1935	1916
Hungary	838	952	1123	1106	837	899	1005	1114
Poland	1115	1258	1369	1460	893	1187	1263	1194
Romania	346	433	499	426	432	444	452	485
	5923	7062	7825	7779	6050	6805	7528	7695
	-127	+257	+297	+84				

08/05/85
19:05:32

All items in U.S. domestic exports to EASTERN EUROPE,
1982, 1983, 1984, January-June 1984, and January-June 1985

(F.a.s. value, in thousands of dollars)

SITC Number	Description	1982	1983	1984	January-June--	
					1984	1985
0	Food & live animals	474,670	321,173	277,073	136,159	91,575
1	Beverages & tobacco	11,245	21,763	10,929	5,135	8,925
2	Crude mat'l--inedible,not fuel	206,588	254,519	323,471	212,326	103,466
3	Mineral fuels, lubricants, etc	17,399	16,201	32,415	10,644	20,927
4	Oils & fats--animal & veg prod	16,465	13,482	10,307	7,497	2,737
5	Chemicals	79,105	67,305	67,911	21,175	31,746
6	Man'd goods by chief material	23,060	25,080	22,192	13,094	11,826
7	Machinery & transport equip	107,618	85,010	75,373	31,805	47,599
8	Miscellaneous man'd articles	35,935	27,638	22,794	11,836	10,768
9	Commodities & transactions nec	24,301	44,525	41,731	22,447	21,615
	Total	996,387	876,695	884,198	472,118	351,181
	Total, all items exported to EASTERN EUROPE	996,387	876,695	884,198	472,118	351,181

Source: Compiled from official statistics of the U.S. Department of Commerce.
Note: Trade does not include special category exports.

08/05/85
20:22:28

All items in U.S. imports for consumption from EASTERN EUROPE,
1982, 1983, 1984, January-June 1984, and January-June 1985

(C.i.f. value, in thousands of dollars)

SITC Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
0	Food & live animals	146,570	178,045	179,369	89,525	110,780
1	Beverages & tobacco	26,604	38,617	29,818	14,874	12,598
2	Crude mat'l--inedible,not fuel	9,791	10,267	8,731	4,786	5,061
3	Mineral fuels, lubricants, etc	105,946	296,283	537,022	251,946	264,958
4	Oils & fats--animal & veg prod	453	0	3	0	46
5	Chemicals	36,886	60,557	132,758	62,075	56,212
6	Man'd goods by chief material	163,683	173,847	428,120	144,210	224,965
7	Machinery & transport equip	159,501	116,828	160,639	70,969	93,035
8	Miscellaneous man'd articles	241,235	219,945	267,158	109,073	109,453
9	Commodities & transactions nec	7,407	4,491	5,361	2,350	4,938
	Total	898,076	1,098,880	1,748,980	749,809	882,045
	Total, all items imported from EASTERN EUROPE	898,076	1,098,880	1,748,980	749,809	882,045

Source: Compiled from official statistics of the U.S. Department of Commerce.

08/05/85
19:04:42

Leading items in U.S. domestic exports to EASTERN EUROPE in January-June 1985, 1982, 1983, 1984, January-June 1984, and January-June 1985

(F.a.s. value, in thousands of dollars)

Sched B Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
1201400	Cattle hides, whole	61,456	65,428	88,707	42,830	46,269
1845260	Soybean oil cake and oil-cake	83,778	121,520	76,462	37,763	35,176
1754100	Soybeans, except seed for plan	84,751	125,056	143,543	130,620	30,446
1303465	Yellow corn, not donated for r	296,923	118,231	107,629	46,759	21,263
5213110	Low volatile bituminous coal a	11,180	16,145	32,211	10,575	19,154
8183900	Commodities nspf, donated for	20,489	40,648	32,769	17,790	18,155
8183100	Food products, nspf, donated f	14,437	4,876	12,980	1,559	14,662
4809500	Other fertilizers, including c	0	32	43,045	23,597	12,744
1303440	Corn seed, except sweet corn s	1,707	1,318	900	893	11,043
4807050	Concentrated superphosphate, 4	27,137	28,961	20,695	4,438	9,239
6603040	Parts, nspf, of steam turbines	0	6	7,815	0	6,176
6923350	Agricultural tractors, wheel t	0	0	0	0	5,504
6640588	Parts, nspf, of excavating mac	621	3,646	6,569	3,485	3,987
1314030	Wheat flour, except durum and	7,780	7,382	8,601	5,639	3,629
6923840	Parts, nspf, of tractors, exce	6,923	3,879	9,866	3,969	3,006
1706500	Cigarettes	3,277	6,204	5,626	3,017	2,889
1765260	Soybean oil, fully refined, do	8,756	7,672	7,617	5,110	2,564
6765560	Parts, nspf, of automatic data	5,706	4,992	5,420	2,937	2,455
1755140	Sunflower seed, except confect	0	0	18,868	6,511	2,355
5404200	Glass rods, tubes, & tubing, n	2,722	3,246	4,104	1,918	2,178
4461521	Polychloroprene (neoprene) rub	2,678	3,644	2,533	347	2,003
1704300	Leaf tobacco, nspf, including	0	2,422	1,857	57	1,923
8184000	Used wearing apparel and other	6,116	3,549	3,357	1,671	1,735
1703320	Tobacco, filler, cigarette lea	5,588	7,138	1,392	760	1,710
5213170	Anthracite coal	0	0	0	0	1,645
4861900	Herbicides, unmixed, incl plan	54	142	1	1	1,645
1155020	Nonfat dry milk containing not	3,238	10,123	5,201	2,820	1,639
8183400	Apparel privately donated (rel	3,911	5,490	6,227	2,712	1,590
4353300	Corticosteroids, nspf, bulk	810	685	2,071	1,460	1,506
1703340	Tobacco, burley leaf cigarette	1,835	5,321	2,003	1,267	1,500
	Total	661,872	597,754	658,070	360,503	269,793
	Total, all items exported to EASTERN EUROPE	996,387	876,695	884,198	472,118	351,181

Source: Compiled from official statistics of the U.S. Department of Commerce.
Note: Trade does not include special category exports.

08/05/85
20:20:57

Leading items in U.S. imports for consumption from EASTERN EUROPE in January-June 1985, 1982, 1983, 1984, January-June 1984, and January-June 1985

(C.i.f. value, in thousands of dollars)

TSUSA Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
4753500	Naphthas derived petroleum,-----	21,333	25,038	238,259	103,419	147,537
4756530	Liquid derivatives of----------	0	0	105,253	58,036	90,854
6076625	Plates ios not cut etc a not----	0	0	81,773	4,490	84,392
1073525	Pork hams & shouldrs, boned,----	94,408	130,753	122,609	54,134	74,643
6923290	Parts nspf of motor vehicles----	0	0	0	0	17,161
6869030	Other lamps including----------	13,463	12,490	16,077	8,424	14,439
4803000	Urea, nspf---------------------	2,332	13,317	54,971	22,310	12,874
6076610	Steel plate not alloy in-------	0	0	4,595	853	10,914
6071700	Steel wire rods no alloy not----	2,551	10,382	29,083	9,044	10,236
4752524	Leaded gasoline----------------	0	0	0	0	9,036
4806510	Ammonium nitrate---------------	0	1,039	11,145	4,720	8,748
1702800	Cigarette leaf, not stemmed,----	18,765	27,523	19,742	9,355	8,571
4752528	Unleaded gasoline--------------	0	0	0	0	8,238
4751035	Heavy fuel oils 25 deg api------	0	2,593	0	0	8,091
1104740	Pollock, skinned and boned,-----	7,664	432	0	0	7,374
7725109	Pneumatic tires, new, for-------	3,966	8,884	8,155	4,349	6,787
3359500	Other woven fabric of veg-------	13,469	6,462	14,162	6,844	6,648
6078360	Steel sheet pickled and/or------	0	654	35,496	8,243	6,376
6076730	St sheet n shpd, etc n cr n-----	0	0	3,287	739	6,171
1651500	Apple or pear juice not mixd----	560	2,612	3,185	2,805	5,174
7271500	Furniture and parts of---------	8,580	8,023	10,640	5,238	5,033
1922520	Hops, nspf---------------------	8,630	5,910	7,929	7,665	4,802
4121000	Cardiovascular drugs, except----	0	0	2,133	0	4,654
6462622	Nails etc iron/steel, smooth----	2,367	6,157	9,440	4,950	4,626
3601515	Wool floor covergs pile hand----	3,703	3,989	5,573	2,217	4,487
6682345	Printing presses, nspf---------	2,840	2,428	4,189	1,572	4,259
7004540	Footwear, leather, cement-------	22,579	23,022	15,258	6,979	4,234
7272900	Chairs, wood, nspf-------------	5,941	6,548	6,224	2,384	3,902
7002940	Footwear for work, leather,-----	4,132	5,737	6,433	3,211	3,795
6182563	Aluminum sheets and strip, n---	0	0	31,738	14,155	3,736
	Total----------------------	237,280	303,993	847,349	346,135	587,791
	Total, all items imported from EASTERN EUROPE-------	898,076	1,098,880	1,748,980	749,809	882,045

Source: Compiled from official statistics of the U.S. Department of Commerce.

NEWSLETTER

HARVARD UNIVERSITY

Vol. I, no. 1 RUSSIAN RESEARCH CENTER September 1, 1976

Industrial Production (July 1976)

Product	July 1976	% of Jan-July 1975
Petroleum (including gas condensate) [mil. tons]	44.1	106.0
	44.1	106.0
Natural gas* [bil. cu.m.]	26.2	112.0
Coal [mil. tons]	59.6	102.0
Steel [mil. tons]	12.0	104.0
Fertilizer [mil. tons]	7.4	105.0
Metal-cutting Tools [mil. rubs.]	119.0	109.0
Computer Technology [mil. rubs.]	185.0	123.0
Watches [mils]	4.8	104.0
Radios [in 1000's]	671.0	99.0
Televisions [in 1000's]	576.0	103.0
Paper [1000 tons]	442.0	103.0
Cement [mil. tons]	10.5	103.0
Meat [1000 tons]**	480.0	79.0
Motor Vehicles***	167.0	103.0
Cars [in 1000's]	104.0	103.0
Trucks	57.8	103.0
Tractors [in 1000's]	46.0	102.0

* The 12% increase in natural gas production for the first seven months of 1976 exceeds the rate attained last year at this time. It also is considerably higher than the 6.7-8.5% projected annual rate set for the 10th Five Year Plan. This means that the Soviets should have no difficulty satisfying their own needs in this area and still have resources available for export. This in turn would help their hard currency earnings. Last year, Soviet natural gas exports to the hard currency countries increased by over 40%. An increase is also expected this year.

** The 21% decline in meat production as compared with January-July 1975 constitutes a serious setback in the leadership's drive to improve the availability of consumer goods for Soviet citizens. Since the USSR achieved an 11% increase in this commodity during the same period last year, the present decline is particularly discouraging. It reflects the very large slaughter of livestock that took place at the end of last year due to the crop failure. On July 1, 1976, the pig herd had fallen to 46.5 million head, a 20% drop from what it was last year. Other livestock were similarly affected. For instance, the poultry herd declined by 13%. One consequence of this is that the Soviet Union has been importing meat and poultry products this year on a large scale; it has rarely done this in the past.

*** The 3% increase in automobile production as compared with the first seven months of last year is also running considerably below the twelve-month average increase for this product in 1975 which was 28%. The fall in rate of growth may be linked to the effort to hold down the growt of domestic petroleum consumption. Equally surprising is the insignificant increase in truck production. The Soviets had claimed in late 1975 that the new Kama Truck plant was open. The figures verify what some American exporters involved in building the plant have indicated--that the plant is indeed not open.

The other industrial products listed are achieving growth rates comparable to those attained in 1975 and except for radios are generally in line with the projections for 1976-1980.

The Russian Research Center of Harvard University is planning to publish a monthly newsletter geared to the interests of the business community. This is an experimental sample of the letter which is scheduled to appear in its finished form this Fall. Comments regarding the value of the materials printed here and suggestions as to possible additions and deletions are strongly invited. Please address all communications to Mark C. Lapman or Marshall Goldman at the Russian Research Center, 1737 Cambridge Street, (Room 111) Cambridge, MA 02138, or call either of the following numbers: (617) 495-4037 or (617) 495-4492.

First Quarter Balance of Trade (millions of rubles)

		1975	1976
CANADA	ex.	4.2	8.1
	im.	28.0	110.2
UK	ex.	95.6	187.7
	im.	84.7	122.8
FRANCE	ex.	97.7	188.0
	im.	191.6	221.1
JAPAN	ex.	139.9	141.4
	im.	345.4	377.5
W. GER.	ex.	177.2	233.7
	im.	450.9	520.5
ITALY	ex.	144.5	181.8
	im.	180.8	212.0
USA	ex.	29.3	23.1
	im.	257.8	592.1
CAPITALIST INDUSTRIAL COUNTRIES	ex.	1212.2	1536.1
	im.	2290.2	2855.7
CMEA	ex.	3126.5	3301.3
	im.	3080.2	3269.0
DEVELOPING NATIONS	ex.	736.4	852.8
	im.	924.4	689.7

The balance of trade deficit for 1975 in dollars amounted to approximately 3.9 billion. The official Soviet results for the first quarter suggest that the deficit with the "Capitalist Industrial Countries" for the whole year may be even greater than last year. However, taking the trade data for the 13 largest capitalist trading partners of the USSR, we find that indeed the Soviets are beginning to exercise some restraint. The big problem is the need to import grain. If grain imports could be held down to the levels of the first quarter last year, the Soviet Union would have a deficit that was 150 million rubles less this quarter than the deficit incurred during the first quarter last year.

At the same time, the Soviets are making great efforts to increase their exports. Based on a comparison of the first quarter of 1976 with the first quarter of 1975, the Soviet Union significantly increased its exports to Belgium, England, Denmark, Italy, Holland, Germany and France In large part this is due to a major drive to increase exports, if necessary by cutting prices. For the first 6 months of 1976 petroleum exports increased about 2 million tons (worth about $200 million) over 1975. Much the same thing has happened in West Germany. Increases in the export of natural gas has also helped the balance of trade position. See the section on Industrial production.

Currency Exchange

Per 100	Rubles (1976) Jan.	July 5	Aug. 2
Aust. s.	4.120	4.120	4.120
U.K. pound	155.000	133.000	134.000
W. Ger. mark	28.880	29.250	29.250
Can. dol.	74.960	78.130	77.900
U.S. dol.	75.800	75.600	75.600
Fr. franc	17.000	16.000	15.300
Jap. yen	.251	.253	.258
Ital. lira	.111	.089	.089
Swiss franc	28.820	30.500	30.140

In line with general market fluctuations, the Soviets have reduced the value of the Canadian dollar, French franc, and Swiss franc, and have increased the value of the Austrian shilling, English pound and Japanese yen.

The Innovation Decision in Soviet Industry, Joseph S. Berliner, MIT Press, 1976, 561 pp., $35.00

Party Secretary Brezhnev once remarked, "We must create conditions that will compel enterprises to produce the latest types of output—literally to chase after scientific and technical novelties and not shy away from them as the devil shies away from incense." This new book by Professor Berliner explores a wide range of topics concerning Soviet industry: the conditions influencing decisions of Soviet enterprises; the relations of such enterprises with government agencies and with their suppliers and customers; the prices enterprises are permitted to charge for new products; the incomes and other incentives for improving manufacturing processes and the product line. The study concludes that Mr. Brezhnev is correct—strong pressures induce management to maintain high production levels of established products and avoid the risks of innovation. Bringing about significant innovation in Soviet industry, however, would require much greater transformations in the economic system than Soviet leaders are likely to find politically and ideologically acceptable. Unless these internal obstacles to innovation are overcome, Berliner argues, the import of foreign technology will make only a minor contribution to the acceleration of technological progress.

Professor Berliner is an Associate of the Russian Research Center at Harvard. His book is available free of charge to Corporate Sponsors. For more information, contact Marshall Goldman, Associate Director, Russian Research Center.

Growing Support for Increased USSR-US Trade

According to a TASS dispatch published in Sotsialisticheskaia Industriia on July 4, increasing numbers of Americans are coming to realize in their bicentennial year the need for closer political and economic relations with the Soviet Union. The American business community is in the forefront of this movement. "Contracts have been concluded for the supply of US equipment for the Kama motor vehicle plant, for Pepsi-Cola plants, for an international trade center in Moscow and so forth."

Soviets express satisfaction in their contacts with American businessmen who seem to display a "deep interest in giving the go-ahead to economic links with our country." Receiving particular notice in this regard is Robert Kavesi, president of the Herman Corporation, who "has gained a good deal of experience in dealing with Soviet foreign trade organizations" and is presently exporting mining equipment to the USSR.

The major point of the dispatch is clear: "seat the water!" and investigate the opportunities in trade with the Soviet Union. Oppose any limitations the American government might place on this trade.

But underlying this invitation is an unmistakable anxiety regarding the real future of Soviet-American trade. This is a "presidential election year... There are heated debates in political and business circles and among the broad public about ways to overcome the manifestations and consequences of the profound economic crisis." The fact is that the Soviets are not at all confident about the intentions of American business. As might be expected, this has profound impact on their bargaining methods.

Results-Projections

The USSR Minister of Trade, N.S. Patolichev remarked recently in an interview with Izvestia that "during the tenth five-year plan the volume of foreign trade will be increased by 30-33%." During the period 1971-1975, he noted, imports of machinery, equipment and transport facilities totaled 29 billion rubles, while 24.8 billion rubles were spent on consumer goods and raw materials for their production. Purchases of complete sets of equipment were particularly important in the last five-year plan. According to Patolichev, nearly 2,000 projects in various industries were effected by such purchases. Nearly 15% of the total machinery and equipment supplied to the Soviet economy is imported. "Thanks to the Volga Motor Works, built in cooperations with Italian firms, the construction of the Izhevsk Motor Works, the reconstruction of the Leninist Komsomol Motor Works with imported equipment," an increase of 250% in the output of cars during the ninth five-year plan was accomplished. Patolichev also stressed the importance of imports in the consumer sector.

ISSUE ONE

"I've never missed an issue...
Neither has Raisa."

The bear dances a deft soft-shoe

Gorbachev's act was well rehearsed

By Marshall I. Goldman
Special to the Globe

Luckily, there is no Oscar for the Best Actor for the International Stage. Mikhail Gorbachev would probably win. After last week's brilliant performance, there can be little doubt that when it comes to communication, Gorbachev is more than a match for Ronald Reagan. That is not to take anything away from Reagan. There is probably no one on the American political scene who matches Reagan's power of persuasion and aura of sincerity. But Gorbachev seems more venturesome, even more imaginative. He even manages to convey sincerity – which is not all that easy, given that he has so much to obscure.

After his two-hour session with the editors of Time magazine and a three-hour meeting with a US Senate delegation, it is hard not to be skeptical about the timing of these meetings and Soviet protestations that they are more interested in substance than propaganda. After all, without any prior notice, the Time editors in New York were told on Saturday morning, Aug. 24, that if they could arrange it, they could interview Gorbachev two days later in Moscow. Visa and travel formalities would be no problem. In a country that makes a fetish of yearly and five-year plans, this does seem sudden – especially for those among us who have had to deal with Soviet visa and travel authorities.

However, someone in Moscow must have realized at the last minute that a Monday interview would guarantee publication immediately after the Labor Day weekend in the United States, when most Americans return from vacation and when the delegation from the US Senate would be meeting with Gorbachev. Short of an extended hurricane, Gorbachev and his message would surely dominate the news. There can be little doubt that Gorbachev and his aides have become quite skilled in manipulating the American media. Yet, there is another side to all of this, and that is the substance of Gorbachev's message. Here, Gorbachev does have some important things to say – and the challenge is to sort out the hokum from the honest. Let us look at his style first.

Gorbachev performed brilliantly. His coach was Georgi Arbatov, the director of the Institute of the USA and Canada and a member of the Central Committee of the Communist Party. Soviet specialists in this country have often debated whether Arbatov ever had any real power. We now know the answer. There he was at Gorbachev's immediate left. Moreover, the written answers to the questions, which had been submitted by Time in advance, sounded as if they had been prepared by Arbatov himself. They echoed his mannerisms and his past writings.

Then there were Gorbachev's extemporaneous comments on the issues, the big ones as well as the trivial. In one instance, he quoted Mary McGory. Since Gorbachev does not read the Washington Post or the International Herald Tribune, or English for that matter, this was obviously information that had been selected for him before the meeting and that he in turn had memorized as he quoted it word for word. But it was also clear in both the Time and senatorial meetings that he did more than memorize his material – he also absorbed and mastered it. There is reason to worry whether Reagan will be able to do as well when they meet in Geneva.

THE BOSTON GLOBE – 9/8/85

What was disappointing about Gorbachev's performance and subsequent Soviet statements, however, was that even though his advisers do represent a new and, in many ways, a welcomed style, there is much about their presentation that is outright deceitful. In the Time interview, Gorbachev innocently protested the Reagan administration's attacks on the Soviet Union. For his part, however, he insisted that the Soviet Union is "not resorting to anti-American campaign." Yet Gorbachev knows that the Soviet press and television are filled with bitter attacks and cartoons about the United States and Reagan. Admittedly, they have stopped comparing Reagan to Hitler, but, otherwise, the abuse is as distorted and as foul as ever.

Similarly, when asked Wednesday on the "Today" show if Reagan will have an equal opportunity to address the Soviet people, Arbatov coyly begged the question by protesting that he owns no Soviet newspapers. In a different context, Gorbachev, when asked why the Soviet papers make such a fuss about his visits to provincial Soviet cities, replied, apparently without a blush, that the "Soviet press can do anything!" If that is the case, why didn't the Soviet press print his words from the Time interview – "surely God on high has not refused to give us enough wisdom . . ."

Further, Arbatov also had the guile to assert "that Reagan already has spoken by radio many times to the Soviet people." Technically, that is correct – but it has been on Voice of America, which is jammed, not official Soviet radio and television.

In another instance of deceit, Gorbachev brushed aside a question about whether the Soviet Union wants to obtain advanced technology by discussing how the United States also wants such technology. He then went on to imply that a good portion of our technology is obtained by industrial espionage and also a brain drain "not only from Western Europe, but from the developing countries, as well." The best defense is an offense.

Finally, in his plea for a ban on "building models or mockups or test samples" for the Strategic Defense Initiate, he argued that such a ban is verifiable by both sides. What he ignores, however, is that it may be verifiable as long the other side doesn't jam or scramble the telecommunications – something the Soviets have frequently done.

But while complaining about Gorbachev's deceit, it would be a mistake to ignore some very real and probably sincere concerns that he expressed. There is no doubt that in his mind some of his initiatives have been offered in good faith. He has, after all, committed the Soviet Union to a halt in the placement of new missiles in Eastern Europe as well as a moratorium on the testing of nuclear weapons. It would have helped if he had acted before he had completed a big series of tests and before the Soviet Union had built up a vast nuclear superiority in missile strength – but he did act, after all.

If the United States had taken similar actions, we would also have called on the Soviets to show similar good faith. Instead, as Gorbachev correctly indicates, each of his proposals has been treated by Reagan as pure propaganda.

Gorbachev is also distressed that the summit meeting in Geneva is now being downplayed by the Reagan administration. Instead of a summit with substance, it is now being called a "get acquainted" meeting. In fact, that is what these sessions usually are, but it is understandable that Gorbachev feels the meetings are being downplayed too much.

It is also reasonable to believe that Gorbachev would like to halt the race to build a Strategic Defense Initiative (Star Wars.) He realizes that, for now, the United States would be able to outdistance the Soviet Union, even if we only complete a portion of it.

As much power as Gorbachev may have, he clearly needs more, and he is trying to accomplish as much as he can before he convenes the Communist Party Congress, which is due to meet in February 1986. This congress promises to be a major test for Gorbachev as he not only tries to introduce new reforms, but to purge large number of older party officials and put in his own supporters. Already rumors are circulating in the Soviet Union that because of his crackdown on drunkards and his shakeup of the party, Gorbachev risks assassination. (There were similar rumors that it was disgruntled party members, not a kidney ailment, that killed Yuri Andropov in 1984.)

There is little that would help Gorbachev's momentum and his impact at the February Communist Party Congress as much as a successful meeting with Reagan and at least a slowdown in the arms race. What more should he do to convince Reagan to respond? Maybe nothing will work, but to show his sincerity, Gorbachev could, for example, offer Reagan equal time with Soviet press and television.

He could also take up Reagan's offer to send a representative to our next weapons' test and in turn invite the United States to send someone to the Soviet Union when the Soviets resume their testing. That would help address the verification argument.

He could also agree to reduce the size of his arsenal in Eastern Europe and on the Soviet frontier. Since there is no comparable buildup in Western Europe, there is little cause for such a show of strength on the part of the Soviet Union.

Between now and the summit in Geneva, there will certainly be more jousting for public advantage. For our part, it would help if the Reagan administration sought to be more creative and positive than it has been. We can be honestly skeptical of Gorbachev's efforts, but the feeling persists that Reagan, or at least some of his advisers, would rather not see the meeting take place.

Unfortunately, this plays into Gorbachev's hands. Gorbachev may appear to be more forthcoming than he actually is – but it is not only the peaceniks who hope that Reagan will turn out to be more forthcoming than he appears to be.

Among his other problems, Gorbachev has an all but impossible domestic agenda, and he needs all the momentum he can generate to show that he is a leader. The Soviet economy is in a serious condition. Production keeps increasing, but slowly; and more importantly, it is producing the wrong goods. The Soviets find themselves unable to master the new high technology where the product life cycle is no more than two or three years.

In an attempt to bring the Soviet economy abreast of the United States and Japan, recent Soviet leaders have introduced some modest reforms. Gorbachev has now gone a step further and taken three factories – an automobile plant in Togliattigrad, a scientific institute in Sumy and the Saran semiconductor plant – and attempted to increase the prerogatives of the plant managers to hire and fire, spend a portion of their profits on reinvestment, pick and choose some of their suppliers and even keep some of the hard currency that they might earn.

This is bolder than similar experiences in the past, but it is still far short of what Gorbachev must ultimately do if he wants a meaningful reform. Gorbachev probably also feels that his efforts at reform would probably be facilitated if he could convince the United States to reduce its expenditures on arms or even agree to no further escalation. Gorbachev has his own military-industrial complex that is pressing for more resources, and Gorbachev, in the last paragraph of his conversation with the Time editors, allows as much.

HARVARD UNIVERSITY
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SOVIET AGRICULTURE: REFORM AND GRAIN SALES
WILL THERE BE EITHER?

Harvard Faculty Club
20 Quincy Street
October 21, 1985

9:45 a.m.

I. PROSPECTS FOR REFORM

a. "Aspects of Current and Future Technology on Soviet Agriculture and the Implications for the United States"
Raymond Goldberg, Harvard Business School

b. "Agricultural Reform - Not Likely"
Robert Koopman, Department of Agriculture

c. "- Not Not Likely"
Karen Brooks, University of Minnesota

II. I WORKED ON A SOVIET FARM

Dale Posthumos, 4-H Club Exchange Program and U.S. Department of Agriculture, Agricultural Attache, Moscow Embassy

III. HOW CAN WE EXPLAIN THE DROP IN LIVESTOCK HERDS?

Edward Cook, Department of Agriculture

12:00 Sherry

12:15 Lunch

1:30 IV. PROSPECTS FOR A MARITIME AGREEMENT

Jonathan Bemis, U.S. Department of State

Myron Laserson, Executive V.P., Continental Grain

V. PROSPECTS FOR GRAIN EXPORTS TO THE USSR

a. "The View from Canada"
Georgina Vitonova, Department of Federal Agriculture, Canada

b. "The View from Argentina"
Manuel Otero, Argentina Embassy, Washington

c. "The View from the United States"
W.B. Saunders, Vice-Chairman, Cargill

4:45 Adjourn

U.S. DEPARTMENT OF STATE
RUSSIAN RESEARCH CENTER,
HARVARD UNIVERSITY

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SOVIET AGRICULTURE: REFORM AND GRAIN SALES
WILL THERE BE EITHER ?

Monday, October 21, 1985
Harvard Faculty Club
20 Quincy Street
Cambridge MA 02138

Please enroll me as a participant

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Admission is $150.00 (one hundred fifty dollars) per participant

Please return form and check to: Marshall I. Goldman
Associate Director, Russian Research
Center, Harvard University
1737 Cambridge Street
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